NOVA SCOTIA HARNESS RACING INCORPORATED

FINANCIAL STATEMENTS

MARCH 31, 2002

22430

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Management Responsibilities for Financial Reporting

These financial statements are the responsibility of the management of Nova Scotia Harness Racing Incorporated.

Management has prepared the financial statements in accordance with generally accepted accounting principles in Canada.

The responsibility of the Auditor General of Nova Scotia is to express an independent opinion on whether the financial statements of Nova Scotia Harness Racing Incorporated are fairly stated in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

The Nova Scotia Harness Racing Incorporated maintains books of accounts and systems of financial and management control, which provide reasonable assurance that accurate financial information is available and that assets are protected.

The Board of Directors reviews matters related to accounting, auditing and internal control systems.

Marie T. Mullally, CA
President and Secretary

NOVA SCOTIA Office of the Auditor General

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and
To the Minister of Finance

I have audited the balance sheet of Nova Scotia Harness Racing Incorporated as at March 31, 2002 and the statement of income for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon

E.R. Salmon, FCA
Auditor General

Halifax, Nova Scotia
May 31, 2002

Nova Scotia Government Web Site
http://www.gov.ns.ca

NOVA SCOTIA HARNESS RACING INCORPORATED
BALANCE SHEET
AS AT MARCH 31, 2002
(In thousands)

ASSETS

	2002	2001
Current		
Bank	$ -	$ 1

LIABILITIES

Current		
Accounts Payable	$ -	$ 1

See accompanying notes to the financial statements

NOVA SCOTIA HARNESS RACING INCORPORATED
INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2002
(in thousands)

	2002	2001
Revenue		
Contribution to the Nova Scotia Harness Racing Fund from Nova Scotia Gaming Corporation	$ 1,000	$ 1,000
Expenses		
Contribution to ALC Harness Racing Corporation grant program	-	15
Contribution to NS Department of Agriculture & Fisheries	1,000	985
	1,000	1,000
Excess of revenue over expenses	$ -	$ -

See accompanying notes to the financial statements

NOVA SCOTIA HARNESS RACING INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

1) Description of the Business

Nova Scotia Harness Racing Incorporated was incorporated under the *Companies Act* on March 1, 1999 and designated as a crown corporation on April 7, 1999, to manage and administer the Nova Scotia Harness Racing Fund, a special fund created by the *Nova Scotia Harness Racing Incorporated Regulations*.

In March 2001, the Government decided to provide $1 million in 2001-02 (2000-01 – $1 million) to support the harness racing industry in Nova Scotia. $1 million was provided by the Nova Scotia Gaming Corporation to the Nova Scotia Harness Racing Fund and paid by Nova Scotia Harness Racing Incorporated to the Department of Agriculture and Fisheries. The Department of Agriculture and Fisheries managed the monies received from the Fund and determined how they would be distributed to the industry.

2) Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles in Canada. A statement of cash flow is not provided as disclosure in the balance sheet and the income statement is considered adequate.

3) Share Capital

The authorized capital of Nova Scotia Harness Racing Incorporated is one common share without nominal or par value, which has been issued to Her Majesty the Queen in Right of the Province of Nova Scotia.